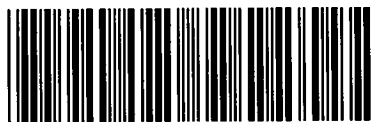


**STRATEGIC REPORT, DIRECTORS' REPORT AND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016
FOR
DENTSU AEGIS LEEDS LIMITED**

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FOR THE YEAR ENDED 31 DECEMBER 2016**

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DENTSU AEGIS LEEDS LIMITED

**COMPANY INFORMATION
FOR THE YEAR ENDED 31 DECEMBER 2016**

DIRECTORS:

A W Blease
A D Geary
D A Lucas
T De Groose
N P Thomas
K P Cunningham
E J Muscant
M M Basterfield

SECRETARY:

A J Moberly

REGISTERED OFFICE:

10 Triton Street
Regent's Place
London
United Kingdom
NW1 3BF

REGISTERED NUMBER:

04625200 (England and Wales)

AUDITORS:

Ernst & Young LLP, Statutory Auditor
1 More London Place
London
SE1 2AF

**STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2016**

The directors present their strategic report of the company for the year ended 31 December 2016.

PRINCIPAL ACTIVITY

The company's principal activity continued to be the selling of media advertising space and time.

BUSINESS REVIEW

The profit for the year after taxation amounted to £3,174,831 (year ended 31 December 2015 - profit of £2,572,873).

The balance sheet on page 10 of the Financial Statements shows the Company's financial position.

During the year the Company transitioned from FRS 102 to FRS 101 "Reduced Disclosure Framework" and has taken advantage of the disclosure exemptions allowed under this standard. The Company's parent undertaking was notified of and did not object to the use of the EU-adopted IFRS disclosure exemptions. Details of the recognition or measurement differences arising on the adoption of FRS101 are included in note 17 to these financial statements.

The Directors' are pleased to report an exceptional year of trading for the twelve months ending 31st December 2016 with continued growth in profitability. Turnover has increased by 31% year on year following some new client wins which has also resulted in a healthy increase to Profit Before Tax of 23%.

Now a wholly owned subsidiary of Dentsu Aegis London Ltd, we continue to develop our working relationships within Group but work collaboratively with Dentsu Aegis Manchester Ltd with key personnel forming part of the DAN North board. This development has enabled us to become more strategic in our business development and will enhance continued future growth. The Directors in Leeds remain on the Board and are committed to its future development. Annette Armitage has left the board but has taken the role of Chairman to ensure that business continuity is unaffected where possible.

The importance of Digital media continues to increase year on year with developments in our CRO and Paid Social propositions. This combined with a number of significant new business wins has resulted in an increase in gross profit of 33%.

PRINCIPAL RISKS AND UNCERTAINTIES

We do not envisage any significant short term risks within the business and therefore we are confident that we can continue to deliver a strong business performance in 2017. Since merging two offices in 2016, we have a strong, consolidated business unit. Any fallout from the loss of the ADSA business (London Account) has been rectified and individuals showing a desire to stay within the business have been successfully reallocated to work on other business.

Retaining our team of high calibre staff is an ongoing challenge. Our improved working environment together with a thorough PDP process ensures all our staff have professional goals to work towards and are continually developing professionally. This provides us with a highly motivated team which results in a high degree of retention.

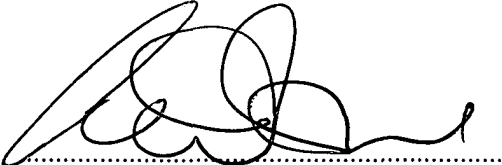
We continue to have a diverse client portfolio with a balanced income spread. We are not therefore reliant on specific client incomes. We remain at the forefront of product diversity which means we develop the necessary products to allow our clients to grow which in turn allows us to drive income growth.

The directors appraise the risks and uncertainties affecting the company on an ongoing basis and recognise the importance of good risk management systems.

**STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2016**

Price risk is managed by ensuring the company's brands offer excellent value whilst remaining competitive in the market place. Potential credit risks through debtor defaults are managed using techniques for all new clients, including credit risk assessment, plus ongoing monitoring of existing clients together with maintenance of credit insurance policies wherever possible. Liquidity and cash flow risks are minimised by the preparation and review of forecasts on an ongoing basis and through access to cash pooling arrangements in place with the group parent company, Dentsu Aegis Network Limited.

BY ORDER OF THE BOARD:

A handwritten signature in black ink, appearing to be 'A W Blease', written over a dotted line.

A W Blease - Director

Date: 21/7/17

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2016**

The directors' present their report and financial statements for the year ended 31 December 2016.

DIVIDENDS

No dividends will be distributed for the year ended 31 December 2016.

FUTURE DEVELOPMENTS

We forecast that we will maintain our current business performance with a similar rate of growth as we saw in the year ended 31 December 2016. The continued analysis to the way in which we service our clients will ensure we strive to offer the highest customer satisfaction and work efficiency in the coming year.

Our focus will continue to be on product development which will allow us to drive income offering clients a wider range of value added services. The market continues to be relatively buoyant which gives us the confidence to invest in the necessary skill that will help us achieve our growth ambitions.

We will continue to work collaboratively with the wider Dentsu Aegis Network, more specifically our colleagues in Manchester, to ensure our output remains at the highest standard and in line with Group expectations.

The Directors are confident that prospects for the year ended 31 December 2017 are positive and anticipate another successful year of trading.

GOING CONCERN

Profit before tax to February 2017 amounts to £296,000 with forecast profit for the year to 31 December 2017 amounting to £4,097,000.

Having reviewed the latest results and the forecast prepared for the remainder of 2017, the Directors consider that the Company is a going concern. This is on the basis that, when reviewing the latest trading position, the Profit before Tax is expected to be in the region of £4,097,000.

The business continues to see growth and has benefitted from the greater Group co-ordination which has seen further opportunities to work across a wider client base. Based on solid performance across 2016 and the benefits to be seen in 2017, we are confident we are able to achieve this.

The Balance Sheet position at 31st December 2016 shows net assets to be £9,777,524 and we do not foresee any significant changes in the net assets position.

It is appropriate for the Dentsu Aegis Leeds Limited 31 December 2016 accounts to be prepared on a going concern basis and for the accounts to reflect this conclusion.

DIRECTORS

The directors shown below have held office during the whole of the period from 1 January 2016 to the date of this report.

A W Blease
A D Geary
D A Lucas
T De Groose
N P Thomas

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2016**

DIRECTORS - continued

Other changes in directors holding office are as follows:

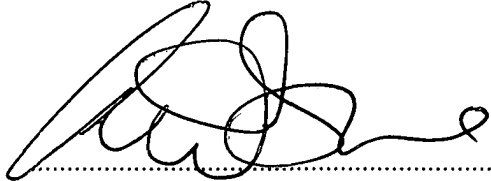
C M Price - resigned 12 October 2016
K P Cunningham - appointed 12 December 2016
E J Muscant - appointed 12 October 2016
M M Basterfield - appointed 12 October 2016

A Armitage ceased to be a director after 31 December 2016 but prior to the date of this report.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors and the company's auditor, each director has taken all the steps that they are obliged to take as a director in order to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

BY ORDER OF THE BOARD:

A handwritten signature in black ink, appearing to be 'A W Blease', written over a dotted line.

A W Blease - Director

Date: 21/7/17

**DIRECTORS' RESPONSIBILITIES STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2016**

The directors are responsible for preparing the strategic report, director's report and the financial statements in accordance with applicable UK law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) including Financial Reporting Standard 101 "Reduced Disclosure Framework". Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that year. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
 - make judgements and estimates that are reasonable and prudent; and
 - prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF DENTSU AEGIS LEEDS LIMITED

We have audited the financial statements of Dentsu Aegis Leeds Limited for the year ended 31 December 2016, which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity and the related notes 1 to 17. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101 'Reduced Disclosure Framework'.

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an Auditors' Report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 6, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors to the financial statement.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Strategic Report, the Directors' Report and financial statements to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2016 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
DENTSU AEGIS LEEDS LIMITED**

Matters on which we are required to report by exception

In light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have identified no material misstatements in the Strategic Report or the Directors' Report.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Ernst & Young LLP

Richard Addison (Senior Statutory Auditor)
For and on behalf of Ernst & Young LLP, Statutory Auditor
1 More London Place
London
SE1 2AF

Date: *21 July 2017*

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2016**

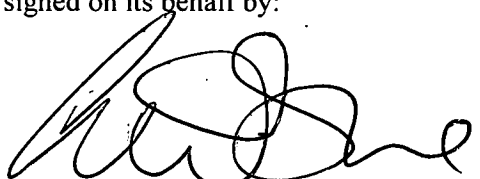
		2016	2015
	Notes	£	£
TURNOVER	3	44,208,166	33,769,089
Cost of sales		<u>(36,705,973)</u>	<u>(28,135,396)</u>
GROSS PROFIT		7,502,193	5,633,693
Administrative expenses		<u>(3,593,827)</u>	<u>(2,461,737)</u>
OPERATING PROFIT		3,908,366	3,171,956
Interest receivable and similar income	5	78,267	62,634
Interest payable and similar expenses	6	<u>(487)</u>	<u>(2,804)</u>
PROFIT BEFORE TAXATION	7	3,986,146	3,231,786
Tax on profit	8	<u>(811,315)</u>	<u>(658,913)</u>
PROFIT FOR THE FINANCIAL YEAR		3,174,831	2,572,873
OTHER COMPREHENSIVE INCOME		<u>-</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>3,174,831</u>	<u>2,572,873</u>

The notes on pages 12 to 21 form part of these financial statements

BALANCE SHEET
31 DECEMBER 2016

	Notes	2016 £	2015 as restated £
FIXED ASSETS			
Tangible assets	10	390,907	30,585
CURRENT ASSETS			
Debtors	11	18,482,202	13,610,853
Cash at bank		534,613	8,263
		<u>19,016,815</u>	<u>13,619,116</u>
CREDITORS			
Amounts falling due within one year	12	(9,630,198)	(7,047,008)
NET CURRENT ASSETS		<u>9,386,617</u>	<u>6,572,108</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>9,777,524</u>	<u>6,602,693</u>
CAPITAL AND RESERVES			
Called up share capital	14	142,911	142,911
Share premium account	15	76,456	76,456
Retained earnings	15	9,558,157	6,383,326
SHAREHOLDERS' FUNDS		<u>9,777,524</u>	<u>6,602,693</u>

The financial statements were approved by the Board of Directors on 21/7/17 and were signed on its behalf by:



A W Blease - Director

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2016**

	Called up share capital £	Retained earnings £	Share premium account £	Total equity £
Balance at 1 January 2015	138,614	3,810,453	76,456	4,025,523
Changes in equity				
Issue of share capital	4,297	-	-	4,297
Total comprehensive income	-	2,572,873	-	2,572,873
Balance at 31 December 2015	<u>142,911</u>	<u>6,383,326</u>	<u>76,456</u>	<u>6,602,693</u>
Changes in equity				
Total comprehensive income	-	3,174,831	-	3,174,831
Balance at 31 December 2016	<u>142,911</u>	<u>9,558,157</u>	<u>76,456</u>	<u>9,777,524</u>

The notes on pages 12 to 21 form part of these financial statements

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

1. AUTHORISATION AND STATEMENT OF COMPLIANCE WITH FRS 101

These financial statements were prepared in accordance with Financial Reporting Standard 101 "Reduced Disclosure Framework" (FRS 101) and in accordance with applicable accounting standards.

The Company's financial statements are presented in pounds sterling.

The principal accounting policies adopted by the Company are set out in note 2.

2. ACCOUNTING POLICIES

2.1 Basis of preparation

The Company transitioned from FRS 102 to FRS 101 for all periods presented. No material adjustments related to the transition to FRS 101 were made by the Company in restating its balance sheet at 1 January 2015 prepared under FRS 102 for the year ended 31 December 2015. The details are disclosed in note 17. The accounting policies which follow set out those policies which apply in preparing the financial statements for the year ended 31 December 2016.

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by FRS 101 "Reduced Disclosure Framework":

- the requirements of IFRS 7 Financial Instruments: Disclosures;
- the requirements of paragraphs 91 to 99 of IFRS 13 Fair Value Measurement;
- the requirement in paragraph 38 of IAS 1 Presentation of Financial Statements to present comparative information in respect of:
 - paragraph 73(e) of IAS 16 Property, Plant and Equipment;
- the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134 to 136 of IAS 1 Presentation of Financial Statements;
- the requirements of IAS 7 Statement of Cash Flows;
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors;
- the requirements of paragraphs 17 and 18A of IAS 24 Related Party Disclosures;
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group.

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2016**

2. ACCOUNTING POLICIES- continued

2.2 Accounting estimates and uncertainties

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the year end date and the amounts reported for revenues and expenses during the year. However the nature of estimation means that actual outcomes could differ from those estimates. The following judgements have the most significant effect on amounts recognised in the financial statement.

Revenue recognition

Judgement is required in selecting the appropriate timing and amount of revenue recognised. Revenue is only recognised when it can be reliably estimated using customer specific information and, where there is a performance related element, to the extent to which the performance criteria have been met.

The likelihood of collection of trade receivables also requires judgement to be applied. The company assesses if provisioning is required by a detailed review of individual significant balances.

Deferred tax

Judgement is required in the assessment of the expected timing and manner of realisation or settlement of the carrying amounts of assets and liabilities held at the balance sheet date. In particular the assessment of the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits.

2.3 Significant accounting policies

Going concern

The directors have reasonable expectation that the company has adequate resource to continue operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

Turnover

Turnover represents the gross amounts billable for media handled by the Company on behalf of clients together with fees earned for media and research services provided. Commission is recognised either at the time the related advertisement appears or on an ongoing basis as the related production work progresses. Fees are recognised as income when they are earned in accordance with the agreement with clients. Turnover is stated net of value added tax and discounts.

Invoices raised during the course of a job are booked as deferred income in the balance sheet until such time as the related revenue is recognised in the income statement. Revenue relating to any unbilled completed jobs is included as accrued income in the balance sheet.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2016

2. ACCOUNTING POLICIES - continued

Tangible fixed assets

Tangible fixed assets are stated at historical cost less accumulated depreciation and any recognised impairment losses. The cost of intangible fixed assets includes only expenditure incurred in bringing the assets into working condition for their intended use.

Depreciation is charged on all tangible fixed assets to write off the cost less estimated residual value of each asset evenly over its estimated useful life, as follows:

Property leasehold improvements	- over 5 years
Plant & equipment	- over 3 years

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the income statement.

Taxation

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except that a change attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income.

Current taxes are based on the results shown in the financial statements and are calculated according to local tax rules, using tax rates enacted or substantially enacted by the balance sheet date.

Deferred income tax is recognised on temporary differences arising between tax bases of assets and liabilities and their carrying amounts in the financial statements and on unused tax losses or tax credits in the company. Deferred income tax is determined using tax rates and laws that have been enacted or substantially enacted by the reporting date.

The carrying amount of deferred tax assets are reviewed at each reporting date and a valuation allowance is set up against deferred tax assets so that the net carrying amount equals the highest amount that is more likely than not to be recovered based on current or future taxable profit.

Foreign currency transactions and balances

The Company's functional currency and presentation currency is pounds sterling. Transactions in foreign currencies are initially recorded in the functional currency by applying the spot exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the balance sheet date. All differences are taken to profit and loss account. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

The Company does not apply hedge accounting of foreign exchange risks in its Company financial statements.

Leases

Rentals payable under operating leases are charged to the profit and loss account on a straight line basis over the terms of the lease. The benefits of lease incentives are recognised in the profit and loss account over the lease period.

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2016**

2. ACCOUNTING POLICIES - continued

Employee benefit costs

The company contributes to individual pension schemes for certain directors. These are defined contribution pension schemes and the yearly contribution for each director is taken directly to the profit and loss account.

3. TURNOVER

The turnover and profit before taxation are attributable to the one principal activity of the company.

An analysis of turnover by geographical market is given below:

	2016	2015
	£	£
United Kingdom	43,209,327	32,404,061
Rest of the world	998,839	1,365,028
	<u>44,208,166</u>	<u>33,769,089</u>

4. EMPLOYEES AND DIRECTORS

	2016	2015
	£	£
Wages and salaries	2,367,880	1,944,908
Social security costs	236,810	202,392
Other pension costs	98,718	229,294
	<u>2,703,408</u>	<u>2,376,594</u>

The average monthly number of employees during the year was as follows:

	2016	2015
Media	67	58
Administration and management	4	3
	<u>71</u>	<u>61</u>

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2016**

4. EMPLOYEES AND DIRECTORS - continued

	2016	2015
	£	£
Directors' remuneration	220,522	194,592
Directors' pension contributions to money purchase schemes	18,141	74,989
	<u><u> </u></u>	<u><u> </u></u>

The number of directors to whom retirement benefits were accruing was as follows:

Money purchase schemes	<u><u>2</u></u>	<u><u>2</u></u>
------------------------	-----------------	-----------------

Information regarding the highest paid director is as follows:

	2016	2015
	£	£
Emoluments etc	124,871	114,718
Pension contributions to money purchase schemes	4,256	37,415
	<u><u> </u></u>	<u><u> </u></u>

5. INTEREST RECEIVABLE AND SIMILAR INCOME

	2016	2015
	£	£
Interest receivable from deposits held with group undertakings	78,267	62,634
	<u><u> </u></u>	<u><u> </u></u>

6. INTEREST PAYABLE AND SIMILAR EXPENSES

	2016	2015
	£	£
Interest payable	487	2,804
	<u><u> </u></u>	<u><u> </u></u>

7. PROFIT BEFORE TAXATION

The profit before taxation is stated after charging/(crediting):

	2016	2015
	£	£
Hire of plant and machinery	3,634	4,195
Other operating leases	361,862	136,339
Depreciation - owned assets	95,795	22,064
Auditors' remuneration	12,500	13,053
Foreign exchange differences	(5,771)	(1,424)
	<u><u> </u></u>	<u><u> </u></u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2016

8. TAXATION**Analysis of tax expense**

	2016	2015
	£	£
Current tax:		
Tax	812,589	659,831
Adjustments in respect of previous periods	-	849
Total current tax	<u>812,589</u>	<u>660,680</u>
Deferred tax:		
Origination and reversal of timing differences	(1,997)	(1,804)
Impact of change in rate	723	37
Total deferred tax	<u>(1,274)</u>	<u>(1,767)</u>
Total tax expense in statement of comprehensive income	<u><u>811,315</u></u>	<u><u>658,913</u></u>

Factors affecting the tax expense

The tax assessed for the year is higher than the standard rate of corporation tax in the UK. The difference is explained below:

	2016	2015
	£	£
Profit before income tax	<u>3,986,146</u>	<u>3,231,786</u>
Profit multiplied by the standard rate of corporation tax in the UK of 20% (2015 - 20.247%)	797,229	654,340
Effects of:		
Permanent differences	13,011	4,513
Deferred tax rate changes	1,075	60
Tax expense	<u><u>811,315</u></u>	<u><u>658,913</u></u>

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2016**

8. TAXATION - continued

Factors that may affect future tax charges

UK corporation tax is calculated at 20% (2015: 20.247%) of the estimated assessable profit for the year. The July 2015 Budget announced that the standard rate of corporation tax would change from 20% to 19% with effect from 1 April 2017 and then from 19% to 18% from 1 April 2020. Subsequently the March 2016 Budget announced that the standard rate of corporation tax would be 17% with effect from 1 April 2020. This was substantively enacted on 15 September 2016 and therefore the deferred tax asset has been re-measured to 17% on the basis that the majority of the asset is expected to reverse after 31 March 2020.

9. PRIOR YEAR ADJUSTMENT

At 31 December 2015, the Company omitted to accrue for certain accrued turnover and accrued cost of media resulting in the understatement of "Prepayments and accrued income" and "Accruals and deferred income" by £481,238 in the balance sheet.

The error has been corrected by restating each of the financial statement lines for the prior year as follows:

Impact on shareholders' funds (increase/(decrease) in shareholders funds)

	31 Dec 15
Prepayments and accrued income	481,238
Debtors (subtotal)	481,238
Accruals and deferred income	(481,238)
Creditors (subtotal)	(481,238)
Net impact on shareholders' funds	0

Impact on profit and loss account (increase/(decrease) in profit)

	31 Dec 15
Net impact on profit for the year	0

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2016

10. TANGIBLE FIXED ASSETS

	Property leasehold improvements £	Plant and equipment £	Totals £
COST			
At 1 January 2016	61,754	122,180	183,934
Additions	298,794	157,323	456,117
	<u>360,548</u>	<u>279,503</u>	<u>640,051</u>
At 31 December 2016			
DEPRECIATION			
At 1 January 2016	53,235	100,114	153,349
Charge for year	47,422	48,373	95,795
	<u>100,657</u>	<u>148,487</u>	<u>249,144</u>
At 31 December 2016			
NET BOOK VALUE			
At 31 December 2016	<u>259,891</u>	<u>131,016</u>	<u>390,907</u>
At 31 December 2015	<u>8,519</u>	<u>22,066</u>	<u>30,585</u>

11. DEBTORS

	2016 £	2015 as restated £
Amounts falling due within one year:		
Trade debtors	5,832,710	3,655,608
Amounts owed by group undertakings	11,389,840	9,085,080
Other debtors	8,974	38,562
Prepayments and accrued income	1,244,586	826,785
	<u>18,476,110</u>	<u>13,606,035</u>
Amounts falling due after more than one year:		
Deferred tax	<u>6,092</u>	<u>4,818</u>
Aggregate amounts	<u>18,482,202</u>	<u>13,610,853</u>

On 31 December 2016 Dentsu Aegis Network Ltd held £10,630,000 (year ended 31 December 2015 - £7,857,000) on deposit on behalf of the company in a shared bank account for the benefit of the company, the group and its associate companies.

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2016**

12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2016	2015 as restated
	£	£
Trade creditors	735,147	1,191,811
Amounts owed to group undertakings	432,110	284,600
Corporation tax	740,668	-
Social security and other taxes	1,129,072	684,173
Other creditors	116,406	53,365
Group relief payable	415,784	344,451
Accruals and deferred income	6,061,011	4,488,608
	<u>9,630,198</u>	<u>7,047,008</u>

13. LEASING AGREEMENTS

At 31 December 2016 the company had future minimum lease payments under non-cancellable operating leases as follows:

	2016	2015
	£	£
Within one year	231,195	50,518
Between one and five years	1,386,218	-
In more than five years	1,501,578	-
	<u>3,118,991</u>	<u>50,518</u>

14. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	2016	2015
			£	£
142,911	Ordinary	£1	<u>142,911</u>	<u>142,911</u>

15. RESERVES

	Retained earnings £	Share premium account £	Totals £
At 1 January 2016	6,383,326	76,456	6,459,782
Profit for the year	3,174,831	-	3,174,831
	<u>9,558,157</u>	<u>76,456</u>	<u>9,634,613</u>

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2016**

16. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

Dentsu Aegis Leeds Limited is a subsidiary of Dentsu Aegis London Limited, a company incorporated in Great Britain and registered in England and Wales. The ultimate parent undertaking and controlling party is Dentsu Inc., a company incorporated in Tokyo and registered in Japan.

Dentsu Inc. is the parent undertaking of the largest group for which group financial statements are prepared and of which the Company is a member. Copies of Group financial statements can be obtained from: The Secretary, Dentsu Inc., 1 8 1 Higashi-shimbashi, Minato-ku, Tokyo 105 7001. The smallest group in which the results of the company are consolidated is the group headed by Dentsu Aegis Network Ltd.

17. TRANSITION TO FRS 101

For all periods up to and including the year ended 31 December 2014, the Company prepared its financial statements in accordance with previously extant United Kingdom generally accepted accounting practice (UK GAAP). At 1 January 2014 the Company transitioned to FRS 102 and the financial statements for the year ended 31 December 2015 were prepared in accordance with FRS 102. These financial statements for the year ended 31 December 2016 are the first the Company has prepared in accordance with FRS 101.

Accordingly, the Company has prepared individual financial statements which comply with FRS 101 applicable for periods beginning on or after 1 January 2015 and the significant accounting policies meeting those requirements are described in the relevant notes.

In preparing these financial statements, the Company has started from an opening balance sheet as at 1 January 2015, the Company's date of transition to FRS 101, and made those changes in accounting policies and other restatements required for the first-time adoption of FRS 101.

On transition to FRS 101, the Company has applied the requirements of paragraphs 6-33 IFRS 1 "First time adoption of International Financial Reporting Standards".

Exemptions applied under FRS 101 are listed in note 2.

No material adjustments were made by the Company in restating its balance sheet as at 1 January 2015 prepared under FRS 102 for the year ended 31 December 2015.